

**Summary of Meeting  
BDAC Finance Work Group  
October 17, 1996**

**Attendees:**

BDAC Work Group:

Eric Hasseltine (chair), BDAC, Contra Costa Council  
David Guy, BDAC, California Farm Bureau  
Rosemary Kamei, BDAC, Santa Clara Valley Water District  
Roberta Borgonovo, BDAC, League of Women Voters  
Tom Maddock, BDAC, California Chamber of Commerce

CALFED Staff/Consulting Team:

Zach McReynolds  
Michael Norris (minutes)  
Don Wagenet

Invited Participants:

Craig Stroh, U.S. Bureau of Reclamation  
David Yargas, Environmental Defense Fund  
Ray Hoagland, Department of Water Resources  
Amy Fowler, Santa Clara Valley Water District  
Dennis O'Connor, Cal Research Bureau/State Library  
Stephen Guine, Metropolitan Water District  
Jeff Phipps, Northern California Power Association  
David Orth, Westlands Water District

General Public and Stakeholders:

Randall Neudeck, Metropolitan Water District  
Bill Hasencamp, Contra Costa Water District  
Jaideep Samant, JP Morgan  
Cliff Shulz, KCWA and SWC Consultants

***Key Discussion Items***

• **Implementation Structure**

The topic of "Implementation Structure" was discussed at length. Without presupposing the eventual form of the institutional structure responsible for implementing the long term solution, it is possible to enumerate some of the features this structure should have so an

effective financial program could be facilitated. The objective of the Implementation Structure paper is to formulate a financial structure guideline for the BDAC Assurances Workgroup when they discuss institutional structures.

Two general categories of implementation structure needs were discussed: 1) the need for centralization and coordination of effort, and 2) specific capabilities that the structure should have or be given.

There was general consensus that close cooperation was needed to successfully implement a complex solution, particularly the adaptive portion. Some argued that this could not be accomplished without a central entity, but agreed that the important point was the level of coordination rather than how it was achieved. Some stated that separate agencies could implement portions of the solution independently.

In terms of specific capabilities, the group added that the structure need to have the ability to:

1. Develop and manage plan of finance
2. Enter into contracts
3. Sue and be sued
4. Reassess allocation and affordability over time
5. Include stakeholders in future financial decisions
6. Hold assets in trust and manage consistent with original intent
7. Allow flexibility to direct/redirect funds within objectives
8. Distinguish between capital dollars vs. O&M costs

- **Case Study Example**

The group requested Program staff to create a case study example for purpose of clarifying policy issues. There was an extended discussion of the nature of the example, with the proposed water quality action example rejected as being overly complex. Staff agreed to consider the issue and committed to provide a workable example in November.

In order to prepare for the upcoming example, staff distributed a list of defined terms that are important in understanding cost allocation issues.

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